

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, November 12, 1948.

PRESENT: Mr. Szymczak, Chairman pro tem.
Mr. Draper
Mr. Evans
Mr. Vardaman

Mr. Carpenter, Secretary
Mr. Thurston, Assistant to the Board

Minutes of actions taken by the Board of Governors of the Federal Reserve System on November 10, 1948, were approved unanimously.

Telegrams to the Federal Reserve Banks of Cleveland, Richmond, Chicago, St. Louis, Minneapolis, Dallas, and San Francisco stating that the Board approves the establishment without change by the Federal Reserve Banks of Cleveland and San Francisco on November 9, by the Federal Reserve Banks of Chicago and Minneapolis on November 10, 1948, and by the Federal Reserve Banks of Richmond, St. Louis, Minneapolis, and Dallas today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated November 8, 1948, from Mr. Thomas, Director of the Division of Research and Statistics, recommending the appointment of Mrs. Anne Campbell Sencindiver as a draftsman in that Division, on a temporary basis for a period of three months, with basic salary at the rate of \$3,727.20 per annum, effective as of the date upon which she enters upon the performance of her

11/12/48

-2-

duties after having passed the usual physical examination.

Approved unanimously.

Memorandum dated November 9, 1948, from Mr. Millard, Director of the Division of Examinations, recommending that, effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination, Robert C. Masters be appointed as a Federal Reserve Examiner with basic salary at the rate of \$7,911 per annum, and with official headquarters at Washington, D. C. The memorandum also recommended that Mr. Masters be reimbursed by the Board for the cost of moving his household goods from Boston to Washington.

By unanimous vote, Robert C. Masters was appointed an examiner to examine Federal Reserve Banks, member banks of the Federal Reserve System, and corporations operating under the provisions of sections 25 and 25(a) of the Federal Reserve Act, for all purposes of the Federal Reserve Act and of all other acts of Congress pertaining to examinations made by, for, or under the direction of the Board of Governors of the Federal Reserve System, and was designated as a Federal Reserve Examiner, with official headquarters at Washington, D. C., and with basic salary at the rate of \$7,911 per annum, all effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination.

Unanimous approval was also given to the reimbursement of Mr. Masters for the cost of moving his household goods from Boston to Washington.

11/12/48

-3-

Memorandum dated November 10, 1948, from the Division of Personnel Administration, attaching memoranda from the heads of the divisions indicated below recommending increases in the basic annual salaries of the following employees in those divisions, effective November 14, 1948:

| <u>Name</u> | <u>Designation</u> | <u>Salary Increase</u> | |
|--------------------------------|---------------------|------------------------|------------|
| | | <u>From</u> | <u>To</u> |
| <u>OFFICE OF THE SECRETARY</u> | | | |
| D. Jeanne Krieger | General Assistant | \$4,354.20 | \$4,479.60 |
| Mildred E. Pilger | File Clerk | 2,874.48 | 2,974.80 |
| <u>RESEARCH AND STATISTICS</u> | | | |
| Randall Hinshaw | Economist | 5,482.80 | 5,984.40 |
| Elsie N. Carrick | Clerk-Stenographer | 2,799.24 | 2,874.48 |
| <u>BANK OPERATIONS</u> | | | |
| J. C. Franzoni | Technical Assistant | 5,733.60 | 5,984.40 |
| Edwin J. Johnson | Technical Assistant | 5,733.60 | 5,984.40 |
| Paul F. Smith | Analyst | 3,852.60 | 4,103.40 |
| Gerald F. Millea | Analyst | 3,852.60 | 3,978.00 |
| Robert P. Fuhrer | Analyst | 3,727.20 | 3,852.60 |
| Mary Ann Chadik | Clerk | 3,100.20 | 3,175.44 |
| Patricia B. Ivie | Clerk-Stenographer | 2,799.24 | 2,949.72 |
| Evelyn L. Woodley | Clerk | 2,724.00 | 2,799.24 |
| Jane Lipps | Clerk | 2,573.52 | 2,648.76 |
| Carrie Turner | Clerk-Stenographer | 2,573.52 | 2,648.76 |
| <u>ADMINISTRATIVE SERVICES</u> | | | |
| James P. Lynch | Clerk | 3,601.80 | 3,727.20 |
| Miriam P. Jasper | Printing Clerk | 2,874.48 | 2,974.80 |
| Marjorie Eaton | Stenographer | 2,799.24 | 2,874.48 |
| Thomas G. Cook | Guard | 2,724.00 | 2,799.24 |
| Helen Louise Sweeney | Clerk | 2,498.28 | 2,648.76 |
| Helen M. Capozio | Clerk | 2,498.28 | 2,573.52 |
| Edward D. Rogers | Messenger | 2,498.28 | 2,573.52 |
| Helen M. Anderson | Clerk | 2,350.00 | 2,498.28 |
| Margaret Dalton | Charwoman | 2,284.00 | 2,350.00 |
| Teresa F. Crowell | Charwoman | 2,218.00 | 2,284.00 |
| <u>BOARD MEMBERS' SECTION</u> | | | |
| Blanche E. Peacock | Charwoman | 2,218.00 | 2,284.00 |
| Herbert W. Bundy | Messenger | 2,284.00 | 2,350.00 |

Approved unanimously.

11/12/48

-4-

Letter to the Presidents of all Federal Reserve Banks reading as follows:

"Questions have been raised concerning the exemption under section 7(b) of Regulation W of credit extended to an automobile salesman to finance the purchase of a new automobile for use principally as a demonstrator. The questions relate to the circumstances under which the exemption is applicable.

"The Board's view is that (a) the salesman must be a bona fide salesman of new automobiles of the same make and year as the automobile purchased as a demonstrator -- the exemption is not applicable to salesmen whose sales are confined to used cars nor to persons who are not employed principally as salesmen, such as mechanics, parts clerks, office workers, etc.; (b) the phrase 'used by him principally as a demonstrator' is not intended to require that the automobile be used principally for the transportation of his prospective purchasers, since the phrase may also include the salesman's use of the automobile for other bona fide demonstration practices.

"From a practical administrative standpoint, although not specifically required by the regulation, it would be desirable in all such cases for the Registrant, whether the dealer or a financing institution, to have in his or its records a statement or other record of the facts establishing the exemption of any such paper."

Approved unanimously.

Telegram to Mr. F. G. Saxton, Controller, Air-Way Branches, Inc., Toledo 1, Ohio, reading as follows:

"Reference your letter November 5 and your telegram November 11, 1948, concerning registration under Board's Regulation W. This matter is subject of negotiations started November 8 between H. E. J. Smith, Assistant Vice President, Federal Reserve Bank of Cleveland and L. G. Pierce, Secretary-Treasurer, Air-Way Electric Appliance Company, Toledo. Regret delay answering, but understand that solution of problem awaits answer from Pierce to Reserve Bank."

11/12/48

-5-

Approved unanimously, with the understanding that a copy of the telegram would be sent to the Federal Reserve Bank of Cleveland.

Letter to Mr. Hitt, First Vice President of the Federal Reserve Bank of St. Louis, reading as follows:

"Thank you for your letter of November 1, with which you enclosed a copy of a letter dated October 28, from the Lincoln Bank and Trust Company, Louisville, Kentucky, and a clipping from the October 26 issue of the Chicago Journal of Commerce, received from that bank with its letter.

"The Board appreciates the thoughtful views expressed by Mr. Shwab on behalf of his bank. They will receive careful consideration in our study of the question of whether Regulation W should cover consumer instalment credit extended in connection with home modernization and repair.

"We are unable to account for the article included in the clipping referred to, which appeared in the Chicago Journal of Commerce. We notice that the terms described are those applicable to 'Group B' instalment sales. If the Board should decide to regulate repair and modernization credits, the specific provisions applied would be determined with full consideration of the differences in the kind of activity involved in this field, compared with that involved in sales of Group B articles."

Approved unanimously.

Letter to Mr. Clark, Manager, Consumer Credit Instalment Department, Federal Reserve Bank of St. Louis, reading as follows:

"This refers to your letter of November 1, 1948, enclosing a copy of a letter to your Bank from the Lammert Furniture Company of St. Louis, dated October 29, 1948. This correspondence concerns the application of Regulation W to the sale of a cooking stove after September 20, 1948, to replace a less expensive, defective cooking stove which was delivered by the same vendor under an instalment purchase contract of August 30, 1948, requiring a 10 per cent down payment and 24 monthly instalment payments.

11/12/48

-6-

"The question is whether the new stove, which costs \$93 more than the defective one, may be financed on the same basis as provided by the pre-September 20 contract.

"The Board agrees with your view that the new stove may not be sold or delivered on terms more liberal than those required by the regulation. However, in circumstances such as these, any payments made on account of the original sale may be credited against the down payment required by the regulation on the new article.

"The Board is not unaware of the hardship that may arise in particular cases under the regulation. Nevertheless, on the facts presented in this case, there was a rescission of the sale of a defective stove and a subsequent sale of a different stove which gave rise to a new extension of credit after September 20. The fact that some of the arrangements or circumstances giving rise to the later sale may have occurred or arisen before that date, is not controlling."

Approved unanimously.

Letter to the Presidents of all Federal Reserve Banks reading as follows:

"Reference is made to the next quarterly report on significant developments in the banking field not ordinarily obtainable from bank statistics, as called for in the Board's letter of January 27, 1947 (S-953). We should appreciate if, in addition to any other pertinent comments you might wish to include in the next report of your Bank, you would include comments on the following questions:

1. In view of recent public discussion of the Federal Reserve support program for Government securities, is there any noticeable change in the attitude of bankers towards this program?
2. Have there come to your attention any recent instances in your district in which insurance companies have advanced funds to business concerns which might otherwise have been supplied by banks? If so, have the terms on insurance company loans been significantly more favorable than the banks might have been willing to grant?
3. Have recent changes in prices of commodities affected business or banking policies in your district? If so, how?

11/12/48

-7-

4. At this time is there any evidence that an appreciable amount of the short-term borrowings of farmers might be carried over? What is the attitude of bankers toward making and holding crop loans guaranteed by the C.C.C.?
 5. Are many banks at or near their legal limits on real estate loans? Are banks and other lenders showing pronounced preference for mortgages on particular kinds of properties? Are the demands for GI mortgage loans being met or are lenders showing increased unwillingness to make these loans?
 6. Have there been any changes recently in bankers' attitudes toward construction loans? If so, how have these changes been reflected in the terms on which these loans are made?
 7. What lines of industry and trade in your district are borrowing from banks more heavily than a year ago? Less heavily than a year ago?
 8. Are there any lines of industry and trade in your district where bankers feel that inventories are becoming excessive?
 9. How do businessmen and bankers in your region generally view the economic situation for the next six months? What is the nature of the important qualifications, if any?
- "The information developed in the reports received in 1948 has been very helpful, and the Board appreciates the care with which the reports have been prepared. In view of the rapidly changing banking and business conditions, and in order to facilitate prompt summarization of the material, it would be helpful if you could arrange to have your next report sent to reach the Board on or before December 13. A summary of replies, similar to one covering the last quarterly report sent to you on September 24, will be prepared and forwarded to each Reserve Bank promptly."

Approved unanimously.

Letter to the Comptroller of the Currency reading as follows:


"It is respectfully requested that you place an order with the Bureau of Engraving and Printing, supplementing the order of June 21, 1948, for the printing of Federal Reserve notes of the Federal Reserve Bank of San Francisco in the amounts and denominations stated below:

11/12/48

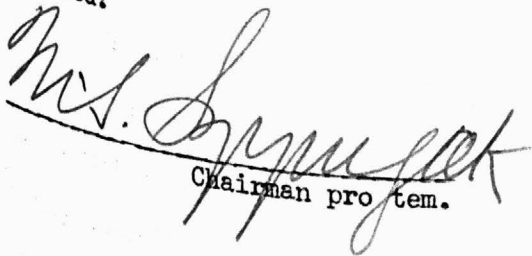
-8-

| "Denomi- nation | Number of sheets | Amount |
|--------------------|---------------------|--------------|
| \$ 5 | 170,000 | \$10,200,000 |
| 10 | 590,000 | 70,800,000 |
| 20 | 415,000 | 99,600,000" |

Approved unanimously.


Secretary.

Approved:


Chairman pro tem.